

AMENDED IN ASSEMBLY JUNE 2, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 457

Introduced by Assembly Member Negrete McLeod

February 14, 2003

An act to add and repeal Sections 20901.5 and 20904.5 of, and to repeal, add, and repeal Section 20903.5 of, the Government Code, relating to public employees' retirement, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 457, as amended, Negrete McLeod. Public employees' retirement: early retirement incentives.

The Public Employees' Retirement Law authorizes specified state, local, and school employees, upon a specified determination by their employer, to receive credit for an additional 2 years of service if those employees retire within a designated period and other conditions are met.

This bill would authorize specified state, local, and school employees, ~~upon a specified determination by their employer,~~ to receive credit for an additional 2 years of service and 2 years of age if those employees retire within a designated period, prior to January 1, 2005, and other conditions are met.

The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 20901.5 is added to the Government Code, to read:

20901.5. (a) Notwithstanding Section 20901 or any other provision of this part, an additional two years of service and an additional two years of age shall be credited to a state member, other than a school member, if the following conditions exist:

(1) The member meets the service requirements of Section 21060 or Section 21074 and retires within the period designated in the memorandum of understanding or designated by the Department of Personnel Administration with respect to excluded employees, as provided in paragraph (3).

~~(2) The state employer determines that the best interests of the state would be served by encouraging the retirement of state members and transmits 21060 or 21074.~~

(2) *The member retires for service during the period designated by the Director of Finance, which period shall commence on a date after the effective date of this section and shall expire on a date prior to January 1, 2005. The Director of Finance shall make that designation within 15 days after the effective date of this section.*

(b) *The state employer shall transmit to the retirement fund an amount determined by the board that is equal to the actuarial equivalent of the difference between the allowance the member receives after the receipt of service and age credit under this section and the amount the member would have received without that service and age credit. The transfer to the retirement fund shall be made in a manner and time period acceptable to the employer and the board.*

~~(3) This section has been made applicable to the employer and the member pursuant to a memorandum of understanding between the employer and the representative employee organization or, with respect to exempt employees, the Department of Personnel Administration has approved their inclusion in writing to the board.~~

~~(b)~~
(c) *This section applies to all eligible excluded employees and all eligible represented employees of the state employer.*

(d) The amount of service credit and additional age shall each be two years regardless of credited service or age, but may not

1 exceed the number of years intervening between the date of the
2 member's retirement and the date the member would be required
3 to be retired because of age.

4 ~~(e)~~

5 (e) Any member who qualifies under this section, upon
6 subsequent reentry to this system, shall forfeit the age and service
7 credit acquired under this section.

8 ~~(d)~~

9 (f) This section is not applicable to any member otherwise
10 eligible if the member receives any unemployment insurance
11 payments arising out of employment with an employer subject to
12 this part during a period extending one year after the effective date
13 of this section or if the member is not eligible to retire without the
14 additional age or service credit available under this section.

15 ~~(e)~~

16 (g) This section shall remain in effect only until January 1,
17 2005, and as of that date is repealed, unless a later enacted statute,
18 that is enacted before January 1, 2005, deletes or extends that date.

19 SEC. 2. Section 20903.5 of the Government Code is repealed.

20 SEC. 3. Section 20903.5 is added to the Government Code, to
21 read:

22 20903.5. (a) Notwithstanding Section 20903 or any other
23 provision of this part, ~~when the governing body of a contracting~~
24 ~~agency, other than a school employer, determines that the best~~
25 ~~interests of the agency would be served by encouraging the~~
26 ~~retirement of local members, the governing body may adopt a~~
27 ~~resolution to grant all employees of the contracting agency an~~
28 ~~additional two years of service credit and credit for an provision~~
29 ~~of this part, an additional two years of age shall be credited to a~~
30 ~~local member, if the following conditions exist:~~

31 (1) The local member is eligible to retire ~~and~~ under Section
32 21060, 21061, or 21062.

33 (2) ~~The member retires within the period designated in and~~
34 ~~subsequent to the effective date of the contract amendment, or any~~
35 ~~additional period or periods designated in any subsequently~~
36 ~~adopted resolution of the governing body of the contracting~~
37 ~~agency.~~

38 ~~(2) The governing body agrees to transmit to the retirement~~
39 ~~period designated by the governing body of the contracting~~
40 ~~agency, which period shall commence on a date after the effective~~

1 *date of this section and shall expire on a date prior to January 1,*
2 *2005. The governing body of the contracting agency shall make*
3 *that designation within 15 days after the effective date of this*
4 *section.*

5 *(b) The governing body shall transmit to the retirement fund an*
6 *amount determined by the board that is equal to the actuarial*
7 *equivalent of the difference between the allowance the member*
8 *receives after the receipt of service and age credit under this*
9 *section and the amount he or she would have received without that*
10 *service and age credit. The transfer to the retirement fund shall be*
11 *made in a manner and time period acceptable to the employer and*
12 *the board and shall be made with respect to all eligible employees*
13 *who retire during the designated period.*

14 ~~(b)~~
15 *(c) This section applies to all eligible excluded employees and*
16 *all eligible represented employees of the contracting agency.*

17 *(d) The amount of service credit and additional age shall each*
18 *be two years regardless of credited service or age, but may not*
19 *exceed the number of years intervening between the date of the*
20 *member's retirement and the date the member would be required*
21 *to be retired because of age.*

22 ~~(e) A governing body that elects to make the payment~~
23 ~~prescribed by paragraph (2) of subdivision (a) shall make the~~
24 ~~payment with respect to all eligible employees who retire during~~
25 ~~the specified period.~~

26 ~~(d)~~
27 *(e) Any member who qualifies under this section, upon*
28 *subsequent reentry to this system, shall forfeit the age and service*
29 *credit acquired under this section.*

30 ~~(e)~~
31 *(f) This section is not applicable to any member otherwise*
32 *eligible if the member receives any unemployment insurance*
33 *payments arising out of employment with an employer subject to*
34 *this part during a period extending one year beyond the date of the*
35 *resolution or if the member is not eligible to retire without the*
36 *additional age or service credit available under this section.*

37 ~~(f)~~
38 *(g) This section shall remain in effect only until January 1,*
39 *2005, and as of that date is repealed, unless a later enacted statute,*
40 *that is enacted before January 1, 2005, deletes or extends that date.*

1 SEC. 4. Section 20904.5 is added to the Government Code, to
2 read:

3 20904.5. (a) Notwithstanding Section 20904 or any other
4 ~~provision of this part, when the county superintendent of schools~~
5 ~~or chancellor of a community college district determines that the~~
6 ~~best interests of the district would be served by encouraging the~~
7 ~~retirement of school members, the superintendent or chancellor~~
8 ~~may adopt a resolution to grant all school members employed by~~
9 ~~the district~~ *provision of this part*, an additional two years of service
10 credit and credit for an additional two years of age *shall be credited*
11 *to a school member*, if the following conditions exist:

12 (1) The member is eligible to retire ~~and~~ *under Section 21060.*

13 (2) ~~The member~~ retires within the period ~~designated in and~~
14 ~~subsequent to the effective date of the contract amendment.~~

15 ~~(2) The superintendent or chancellor agrees to transmit to the~~
16 ~~designated by the superintendent or chancellor, which period shall~~
17 ~~commence on a date after the effective date of this section and shall~~
18 ~~expire on a date prior to January 1, 2005. The superintendent or~~
19 ~~chancellor shall make that designation within 15 days after the~~
20 ~~effective date of this section.~~

21 *(b) The superintendent or chancellor shall transmit to the*
22 *retirement fund an amount determined by the board that is equal*
23 *to the actuarial equivalent of the difference between the allowance*
24 *the member receives after the receipt of service and age credit*
25 *under this section and the amount he or she would have received*
26 *without the service and age credit. The transfer to the retirement*
27 *fund shall be made in a manner and time period acceptable to the*
28 *employer and the board and shall be made with respect to all*
29 *eligible employees who retire during the designated period.*

30 ~~(b)~~

31 *(c) This section applies to all eligible excluded employees and*
32 *all eligible represented employees of the district.*

33 *(d) The amount of service credit and additional age shall each*
34 *be two years regardless of credited service or age, but may not*
35 *exceed the number of years intervening between the date of the*
36 *member's retirement and the date he or she would be required to*
37 *be retired because of age.*

38 ~~(e) A superintendent or chancellor that elects to make the~~
39 ~~payment prescribed by paragraph (2) of subdivision (a) shall make~~

1 ~~the payment with respect to all eligible employees who retire~~
2 ~~during the specified period.~~

3 ~~(d)~~

4 (e) Any member who qualifies under this section, upon
5 subsequent reentry to this system, shall forfeit the age and service
6 credit acquired under this section.

7 ~~(e)~~

8 (f) This section is not applicable to any member otherwise
9 eligible if the member receives any unemployment insurance
10 payments arising out of employment with an employer subject to
11 this part during a period extending one year after the date of the
12 resolution or if the member is not eligible to retire without the
13 additional age or service credit available under this section.

14 ~~(f)~~

15 (g) This section shall remain in effect only until January 1,
16 2005, and as of that date is repealed, unless a later enacted statute,
17 that is enacted before January 1, 2005, deletes or extends that date.

18 SEC. 5. This act is an urgency statute necessary for the
19 immediate preservation of the public peace, health, or safety
20 within the meaning of Article IV of the Constitution and shall go
21 into immediate effect. The facts constituting the necessity are:

22 In order to realize the economies resulting from the early
23 retirement of state, local, and school employees and to thereby
24 ameliorate the budget shortfall in the 2003-04 fiscal year, it is
25 necessary that this act take effect immediately.